

MINUTES

North Dakota Public Employees Retirement System

**Thursday, April 17, 2008
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.**

Members Present: Ms. Joan Ehrhardt
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Kathy Allen, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, BCBSND
Mr. Bill Kalanek, AFPE
Mr. David Peske, ND Medical Association
Ms. Jodee Buhr, NDPEA
Mr. Michael Schwab, ND Pharmacists Association

Via Conference Call: Mr. Larry Brooks, BCBSND
Mr. Tom Christenson
Mr. Dave Olig, NDPhA/NDPSC

Chairman Strinden called the meeting to order at 8:30 a.m.

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the March 20, 2008 Board meeting.

MS. EHRHARDT MOVED APPROVAL OF THE MARCH 20, 2008 NDPERS BOARD MINUTES. MR. SANDAL SECONDED THE MOTION. THE MINUTES WERE APPROVED.

GROUP INSURANCE

REDUCING RX COSTS (NDPhA)

Mr. Schwab and Mr. Olig from the ND Pharmacists Association gave a presentation in follow up to items discussed at the February Board meeting relating to options to reduce prescription drugs costs. The Pharmacists Association discussed with the Board the importance of increasing generic drug utilization among NDPERS members. Mr. Schwab presented statistics on drug utilization and that North Dakota is below the national average in many areas. It was reported that the Industry, Business and Labor Committee is conducting an interim study looking at various pharmacy issues, including the ND pharmacy ownership law. The Board requested that PERS staff contact Legislative Council staff to make them aware of the Board's considerations on this issue. In addition, Mr. Olig discussed the importance of establishing programs to inform members of generic alternatives such as for Lipitor. He also highlighted pill splitting as a strategy to reduce costs.

After Board discussion and questions, it was determined that the NDPERS staff should review the suggestions and present their findings at future Board meetings. The Board requested written information relating to Mr. Schwab's presentation.

HEALTH DIALOG (DEPENDENTS)

Mr. Collins informed the Board this issue was discussed at a previous meeting and questions were asked about dependents and BCBS had followup information to present on this issue. Mr. Schoenborn, BCBSND, reported to the Board that within the current framework of the disease management services offered by Health Dialog, children can be part of the program through inbound calls. The parent would need to initiate the inbound call to a health coach. The only "Health Dialog" exclusion to the program is that children will not receive targeted outreach. However, Health Dialog has suggested they can provide targeted outreach to children with asthma and diabetes for an additional fee. BCBSND has agreed to educate parents through newsletter articles, emails and possibly a poster informing members they can call a health coach anytime to ask questions about their child's condition(s). Mr. Collins reported that through the Wellness Benefit Program, a module has been developed to educate members on the Health Dialog program.

HEALTH PLAN BENEFIT DESIGN

Mr. Brooks, BCBSND, reviewed with the Board the differences between the PERS plan design and the standard BCBS plan design and what the additional rates would be should the benefit be added to the plan. Mr. Collins reported to the Board that the benefits committee reviewed similar information and recommends that the plan design be updated

to include all CDC approved immunizations. The Health Plan design will be discussed at future Board meetings.

Health Club Credit Program: Mr. Brooks explained to the Board that the health club credit program benefit was recently added to standard BCBS fully insured contracts. He reviewed with the Board information relating to this program, specifically eligibility, what participants can earn, how to enroll in the program and reimbursement. He also provided the Board information on the additional cost per contract of adding this benefit. PERS was not included in this program as determined by the Executive Staff of BCBSND since it is not a traditional fully insured plan. The Board discussed this issue and noted that since it was not a part of the renewal and the existing premium consideration could not be given to adding it at this time.

GALLAGHER BENEFIT SERVICES RENEWAL

Mr. Collins indicated to the Board will need to consider the renewal with Gallagher Benefit Services and if we continue with them, this would be the last of our renewals and it will be necessary to go out to bid in two years. After Board discussion, they directed Mr. Collins to proceed with the renewal with Gallagher Benefit Services for the next two years, first obtaining renewal pricing, as well as giving consideration to allowing other firms to do efforts such as OPEB and specific legislative reviews. Mr. Collins will share the renewal information with the Board at a future meeting.

HB1433 UPDATE

Mr. Collins reviewed with the Board information relating to the implementation of the diabetes disease management program. He reviewed the implementation matrix and reported the decision is to waive the copayment as an incentive for participation in this program which is consistent with the legislative considerations of this bill. A consultant still needs to be hired to monitor this program and a request for proposal will be developed. The goal is to implement this program July 1, 2008, with enrollment beginning in June. Mr. Collins will provide periodic updates to the Board.

PRUDENTIAL RATES

Mr. Collins provided follow-up information on the rate schedules for the group life plan for the retiree and active groups which are effective July 1, 2008. The rate schedules will be distributed to agency payroll staff.

PPO PARTICIPATION/DISCOUNTS

Ms. Allen presented information to the Board relating to the PPO network participation/discounts.

SURPLUS/AFFORDABILITY UPDATE

Mr. Reinhardt reviewed with the Board the March surplus projection and affordability analysis for the NDPERS group medical plan.

DEFERRED COMPENSATION

FIDELITY RENEWAL

Mr. Collins informed the Board that at its March meeting they directed the Investment Subcommittee to review and discuss with Fidelity their proposed renewal. The Investment Subcommittee met and conducted a telephone conference call with Fidelity to review the 401(a) and 457 Companion Plans. The subcommittee is recommending renewal and identified some additional study areas for the upcoming year relating to the participant fee structure, an increase for the expedited enrollment option, allowing brokers the opportunity to participate in the Companion Plan and a cash out provision for inactive accounts with a balance below \$1,000. The committee will report back its findings relating to these areas at a future meeting.

MR. TRENBEATH MOVED TO APPROVE RENEWAL WITH FIDELITY FOR THE 401(a) and 457 COMPANION PLANS. THE MOTION WAS SECONDED BY MR. LEINGANG.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

MOTION PASSED

MISCELLANEOUS

PERSLINK (SAGITEC) CONTRACT AMENDMENT

Mr. Collins reported there is a need to amend the contract with Sagitec relating to the release of the 20% fee withholding (Section 6.4). The amendment has been drafted by Mr. Webb, assistant attorney general.

MR. TRENBEATH MOVED TO APPROVE THE SAGITEC CONTRACT AMENDMENT. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

MOTION PASSED

LEGISLATION

Mr. Collins gave the Board a legislative update; the proposed legislation was submitted to the Legislative Employee Benefits Committee on March 26 and the Employee Benefits Committee meets on April 22.

QUARTERLY CONSULTANT FEES

The report of consultant fees paid during the quarter ending March 31, 2008 was presented to the Board for their information.

EXECUTIVE DIRECTOR REVIEW

Chairman Strinden indicated to the Board that in the past there has been a committee of 2-3 to solicit input from all trustees for the annual review of the Executive Director. Mr. Leingang and Mr. Sandal volunteered to be on the review committee with Chairman Strinden. The evaluation forms will be mailed to Mr. Leingang's home address for compilation and evaluation by the Board. A follow-up email will be sent to Board members.

NCPERS

Mr. Collins informed the Board that the National Conference of Public Employees Retirement Systems conference is in May. Board discussion followed.

MS. EHRHARDT MOVED TO APPROVE THE ATTENDANCE OF UP TO TWO BOARD MEMBERS TO ATTEND THE NCPERS CONFERENCE. THE MOTION WAS SECONDED BY MR. SANDAL.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

MOTION PASSED

The State Investment Board agenda was distributed to the Board.

Mr. Mike Sandal distributed a web article to the Board relating to Wal-Mart prescription drugs.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 10:50 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board